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Copy No. 9CENTRAL INTELLIGENCE AGENCY  
OFFICE OF CURRENT INTELLIGENCE  
6 August 1953THE 1953 SOVIET BUDGET

For the first time since 1947 the Soviet budget, presented on 5 August, shows a decline in direct military expenditures. In contrast to 16 and 18 percent increases for each of the preceding two years, the 1953 military allocation is 3.2 percent below 1952. Nevertheless, direct allotments to the military, not including defense outlays hidden in other parts of the budget, are still more than one-fifth of total expenditures.

The powerful military capability built up by the USSR since the war is not significantly affected by this slight decrease in defense allotments, particularly since the drain of supplying armaments for the Korean war has ended. Instead of increasing defense outlays, the USSR is devoting larger sums to industrial and agricultural development and has raised capital investment by more than 9 percent. Such a shift had become imperative if the major 1955 economic goals of the current Five Year Plan were to be realized.

Funds for "financing the national economy" show a sharper increase over the previous year than other parts of the budget. This indicates that the USSR will continue heavy stress on basic industrial development. At the same time the new government is increasing production and distribution of consumer goods as part of its publicized "softer" policy toward the Soviet people. Typical of this more liberal policy are the very sharp reductions scheduled for this year and next in taxes levied on members of collective farms and the cancellation of all agricultural tax arrears.

A departure from previous budgetary practice is the unprecedented size of undisclosed expenditures, amounting to about 16 percent of the total. In past years part of these outlays supported MVD and MGB administrations as well as government loans and reserve funds.

Finance minister A. G. Zverev's budget presentation this year omitted the anti-American references so prevalent in his 1952 speech. No hint as to the reasons for the postponement of the Supreme Soviet was evident in the opening sessions of the two houses.

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Attending the separate sessions were all the members of the top party presidium with the exception of P. K. Ponomarenko, minister of culture and alternate member of the presidium. It is as yet too early to judge the significance of his absence since he may appear at a later session.

According to its agenda the Supreme Soviet has still to confirm the State budget and to endorse the interim decrees adopted by the presidium of the Supreme Soviet.

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